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October 24, 1955

George:

Herb called and raised the question of the work covered by the new Spica contract. I find that was not too clear in the covering letter sent with the contract requesting your approval. Item 20 of the contract between yourselves and Perkin-Elmer calls for:

"Purchase the services of JGB and the Spica Corporation as consultants in the field of systems engineering and optical design, etc., for \$62,014."

In order to fulfill this item, we placed a purchase order with JGB on 11 March to cover his costs. We have a purchase order of long standing with Boston University for computing machine time. When JGB used these machines for work on our purchase order, the charges were so indicated on BU's bill to us. As of September 1, we have paid a total of \$22,708.09 to JGB and BU. JGB has submitted a bill for his time and expenses in September of \$2,479.85. A final bill from BU has not yet been received. It may be zero for we are not sure that JGB used computing machines on our project in September.

The purchase order with JGB was cancelled as of September 30 and replaced by a new one with Spica Corporation. The new order simply references the contract with Spica and carries a maximum price of \$28,000.

The present contract with Spica references our Contract with you and this covers the work specified in Item 20 of our contract. It does not represent any change in the scope or price of that item. We anticipate an amendment to both our contract and the one to Spica to cover the new work on "C" but it may be a month or so before we are ready to propose on the new work.

I hope this clears up the point which HIM raised.

NEW SUBJECT: The problems in our project raised by the flood at the Perkin-Elmer plant are being met as follows:

1) We are making every effort to discover and define the critical items:

a) A lens for the first "B" camera.

This is covered by the recovery of the prototype which we are trying to clean and reassemble in time for shipment to the West so that the configuration may be delivered on time. This is not a final model or design but will be good enough to use on early tests. It will be replaced by a new lens as soon as possible.

b) Getting back into operation on optical testing.

Present activity is a survey of damage to electronics.

c) Getting a new 36" built.

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Here we are trying to locate particular pieces of glass known to be in stock which agree with the data used by JGB in computing a new formula.

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2) Get back into production.

a) Replacement or repair of production equipment.

Items which cannot be salvaged but are required for immediate production are being replaced without regard to recovery of costs at present. Items which can be rehabilitated are being worked on by all means available, our own production people, manufacturers' service personnel, and local service companies.

We are attempting to borrow some items from manufacturers' stocks while our own equipment is being reworked to expedite start up of work.

3) Replacement of lost materials.

An early inventory of material at hand for our project has indicated small loss. In those cases where losses ~~were~~ known, such as some bearings, motors, electrical components, and other small parts, the parts are being reordered at once.

The general question of recovery of extra costs is not being faced at this moment. We are doing what needs to be done in order to meet the most pressing delivery requirements. We are emphasizing to project engineers the need for good judgment between making deliveries and committing added costs. We plan to take a close look at where we stand about the middle of November. By that time we will have accumulated a good bit of the costs and have definite knowledge of material losses. How these costs may be defrayed will then be our primary problem. But, we will then be in a position to know where we stand.

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